

Cash Management & Program Income

Cash Management

- State and other governmental agencies
 - 29 CFR 97.21
- Non-governmental entities
 - 29 CFR 95.22
- Subgrantees
 - Follow Parts 95 & 97 as applicable

Cash Management – States

➤ 29 CFR 97.21

- Cash management requirements

➤ CMIA

- 31 CFR Part 205
- Governs process to transfer funds
- Techniques and process to manage funds

Requirements

- Both Parts 95 & 97
- Minimize time -- receipt & disbursement
- Payment in advance
 - Stipulations
- Reimbursement method
 - If non-compliance with requirements
- Funds deposited in minority/women-owned banks

More Requirements

- Insured, interest bearing account
 - Part 95 grantees only
 - Exceptions in 95.
- Interest remitted as required by regulations
 - WIA interest earnings – program income

Interest Earnings – Non-WIA

➤ Governmental Grantees

- 29 CFR 97.21(i)
- Quarterly remittance to DHHS/PMS
- Retain \$100 per year for expenses
- States governed by Treasury-State Agreement

Interest Earnings – Non-WIA

- Non-governmental grantees
 - 29 CFR 95.22(i)
 - Annual remittance to DHHS/PMS
 - Retain \$250 per year for expenses

Subgrantee Payment Systems

- **Liquidate cash-on-hand**
 - Including program income, refunds, etc.
- **Same standards and processes as grantee**
 - Written procedures to minimize cash
- **Limit on cash advances**
 - Actual immediate cash needs

Subgrantee systems

- Monitor subgrantee practices
 - Grantee policy, banking services, costs
- Maintain cash control ledger/daily cash balances
- Time disbursements
 - To advances
 - Improve cash management

Subgrantee Systems - *continued*

- Cash forecasting considerations
 - Taxes & fringe benefits
 - Accrued expenditures
 - Obligations
- Reimbursements
 - Required for non-compliance
- Working capital advances
 - Must be liquidated

Funding techniques

- Described in 31 CFR Part 205
- May have different techniques for each program
- May be used by grantees & subgrantees
 - Not subject to CMIA requirements
- Promote effective cash management

Zero balance accounting

- Same day transactions
 - Request funds
 - Deposit funds
 - Disburse funds
- Also works for subrecipients
- Zero based payroll accounts

Estimated Clearance

Day	Dollars Paid (%)	Cash Request (\$)
0	Checks Mailed	-0-
1	-0-	-0-
2	-0-	-0-
3	-0-	450,000
4	30	600,000
5	40	300,000
6	20	150,000
7	10	-0-

**Now that I know how
to manage the money,
how do I draw down
the cash???**

HHS-PMS

- **Payment Management System**
 - Federal grant cash drawdown system
 - Maintained and operated by HHS
- **Advance payment system**
- **\$\$\$ available by appropriation (subaccount)**
- **Request by 2pm, deposited next day**

Payment Management System (PMS)

- Step 1 - Grant Award
- Step 2 - Establishing PMS Account
 - SF 1199 completed by grantee
 - Sent to Division of Accounting
 - Form available electronically
 - <http://www.dpm.psc.gov/>

CASH ADVANCES (continued)

➤ Grantee

- Completes SF 1199 - request to establish PMS account
- Sends original to DOA, Rm 4702 FPB
- SF 1199 can be downloaded from Internet at

Funding the PMS account

- Step 3
- PMS
 - Notifies DOA—Account established
 - New funds for existing grantee
 - Subaccount established & DOA notified
- DOA transmits funding authority to PMS
- PMS notifies grantee account established

Initiating use of PMS account

➤ Step 4 -

- PMS notifies person named on SF 1199 by registered mail
- Notice includes account no., temporary password, instructions
- For subaccounts, usual procedures

Considerations

- If additional funds or new grant
 - New subaccount
 - FIFO if practicable
 - Draw down & expend prior subaccounts before using new subaccount
 - May use both subaccounts if needed
 - For example, new administrative dollars need to be expended as the cost limitation for the prior grant has been reached.
- At closeout, drawdowns equal expenditures—all subaccounts

Program Income

- Additional revenues for the grant
 - Earned as a result of grant activity
 - Earned because of grant
- 29 CFR 97.25 – Governmental Grantees
- 29 CFR 95.24 – Non-governmental Grantees

More Program Income

- Addition method required
 - 20 CFR 667.200(a)(5)
- Reported on ETA 9080
- Expenditure within a grant period
- ETA does not reduce grant awards
 - Addition method always applies

What's Included

- Fees for services
- User or rental fees
- Sale of products
- List included in Part 97

WIA requirements

- **Interest income**
 - All WIA Title I programs
 - Allocated if earned under WIA and non-WIA
- **Revenues in excess of expenditures**
 - Applies to governmental or non-profits
 - Fixed price contracts
 - Applies to all WIA Title I programs

What's Not Included...

- Applicable credits
- Sale of property
- Royalties
- Donations
- Profits of commercial organizations
- Income earned after the grant period

Program Income Revenues

- Two methods for revenue accounting
- Net Income Method
 - Costs of generating income deducted from revenue
- Gross Income Method
 - Costs of generating income charged to grant

Uses of Program Income

- No administrative cost limitation
- Allowable activities
- Allowable costs and proper classification
- Included in the scope of audit
- Other administrative rules apply
- Sanctions for misuse

Questions?

